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FISCAL IMPACT STATEMENT

LS 6022

BILL NUMBER: HB 1772

NOTE PREPARED: Nov 2, 2002

BILL AMENDED:

SUBJECT: Build Indiana Fund Appropriation.

FIRST AUTHOR: Rep. Richardson

FIRST SPONSOR:

BILL STATUS: As Introduced

FUNDS AFFECTED: **GENERAL**
 X DEDICATED
 FEDERAL

IMPACT: State & Local

Summary of Legislation: The bill appropriates \$250,000 during the 2003-05 biennium from the Build Indiana Fund to upgrade the Hamilton County 4-H Council facilities.

Effective Date: July 1, 2003.

Explanation of State Expenditures: Although this bill makes an appropriation from the Build Indiana Fund during the 2003-05 biennium, it is unknown when funds will be available for this project. If state and local capital projects receiving appropriations in the 2001-03 Biennial Budget (P.L. 291-2001) are given priority when money is available in the Build Indiana Fund (BIF), sufficient revenue likely will not be available in BIF to allow for spending on the proposed project during FY 2004 or FY 2005. Based on current estimates of BIF resources, revenue available for state and local projects is expected to total only \$13.8 M in both FY 2004 and FY 2005. Currently, however, there are \$242.5 M in appropriations for state and local capital projects under the 2001-03 Biennial Budget that are suspended and have yet to be allotted money from BIF.

Background on the Build Indiana Fund (BIF): Resources Available to BIF - The Build Indiana Fund (BIF) receives funds from two sources: (1) surplus Lottery revenue and (2) revenues from gaming taxes and pari-mutuel taxes. Under current statute, surplus Lottery revenue in the Lottery Commission's Administrative Trust Fund is first transferred to the Teachers' Retirement Fund (TRF) and the Pension Relief Fund (PRF). Once these transfers are made, the remaining surplus Lottery revenue is distributed to BIF.

Current statute also requires distribution of revenue from the Riverboat Wagering Tax, the Pari-mutuel Wagering Tax, the Pari-mutuel Satellite Facility Tax, the Charity Gaming Excise Tax, and the Charity Gaming License Fee to BIF. Beginning in FY 2003, the total annual distribution to BIF from Lottery, gaming,

and pari-mutuel sources is effectively capped at \$250 M. (This is because current statute limits the annual distribution of Riverboat Wagering Tax revenue at an amount equal to \$250 M minus the sum of the surplus Lottery revenue and revenue from other gaming and pari-mutuel taxes distributed to BIF during that fiscal year.)

Distributions from BIF - Under current statute, \$236.2 M annually must be transferred from BIF to the Motor Vehicle Excise Tax Replacement Account (MVETRA) within the state General Fund. Money remaining in BIF after the MVETRA transfer is available for state and local capital projects. However, the 2001-03 Biennial Budget (P.L. 291-2001) requires transfers of \$200 M in FY 2002 and \$175 M in FY 2003 from BIF to the Property Tax Replacement Fund (PTRF). In addition, the State Board of Finance (on April 8, 2002) approved an additional transfer of \$247.3 M from BIF to the state General Fund during FY 2002. As a result, appropriations for capital projects during the current biennium totaling \$242.5 M are suspended, and the balance in BIF has declined from \$347.3 M on July 1, 2001, to \$16.0 M on June 30, 2002. The \$175.0 M transfer from BIF to PTRF for FY 2003 was made by the State Budget Agency on August 13, 2002. Consequently, the remaining resources in BIF during FY 2003 are expected to fund only \$92.0 M of the required \$236.2 M MVETRA transfer. As required under current statute, the \$144.2 M shortage will be paid from the state General Fund. Ultimately, this is expected to leave no money in BIF to fund state and local capital projects during FY 2003. The amount available for state and local capital projects is estimated to total about \$13.8 M each year in FY 2004 and FY 2005. The table below contains actual and projected BIF revenue and spending totals for FY 2001 to FY 2005.

Surplus Lottery and Gaming Revenue & Distributions (Millions)*

Revenues & Distributions	FY 2001 (Actual)	FY 2002 (Actual)	FY 2003 (Projected)	FY 2004 (Projected)	FY 2005 (Projected)
Beginning Balance in BIF	\$324.2	\$347.3	\$16.0	\$0.0	\$0.0
Surplus Lottery Revenue in Adm. Trust Fund	\$160.0	\$166.1	\$166.1	\$166.1	\$166.1
TRF Transfer	(\$30.0)	(\$30.0)	(\$30.0)	(\$30.0)	(\$30.0)
PRF Transfer	(\$30.0)	(\$30.0)	(\$30.0)	(\$30.0)	(\$30.0)
Surplus Lottery Revenue to BIF	\$100.0	\$106.1	\$106.1	\$106.1	\$106.1
Surplus Gaming Revenue to BIF	\$268.2	\$292.5	\$143.9	\$143.9	\$143.9
Interest	\$26.9	\$13.7	\$1.0	\$0	\$0
Total Resources in BIF	\$719.3	\$759.6	\$267.0	\$250.0	\$250.0
MVETRA Transfer**	(\$234.7)	(\$236.2)	(\$92.0)	(\$236.2)	(\$236.2)
PTRF Transfer^	\$0	(\$200.0)	(\$175.0)	\$0	\$0
GF Transfer^^	\$0	(\$247.3)	\$0	\$0	\$0
Amount Available for State & Local Capital Projects*^	\$484.6	\$76.1	\$0	\$13.8	\$13.8
Amount Allotted to State & Local Capital Projects*^	\$137.3	\$60.1			

*Updated 10/18/02.

**The required transfer from BIF to MVETRA in FY 2003 is \$236.2 M. The \$144.2 M shortage is to be paid from the state General Fund.

^Transfers required under 2001-03 Biennial Budget (P.L. 291-2001).

^^Transfer approved by the State Board of Finance on April 8, 2002.

*^Actual totals in FY 2001 and FY 2002.

Explanation of State Revenues:

Explanation of Local Expenditures: See discussion above under *Explanation of State Expenditures*.

Explanation of Local Revenues:

State Agencies Affected:

Local Agencies Affected:

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